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PP RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV
DE RUEHRL #3156 3031452
ZNR UUUUU ZZH
P 301452Z OCT 06
FM AMEMBASSY BERLIN
TO RUEHC/SECSTATE WASHDC PRIORITY 5880
INFO RUEAUSA/DEPT OF HHS WASHDC
RHEHAAA/THE WHITE HOUSE WASHDC
RUCNFRG/FRG COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE

UNCLAS BERLIN 003156

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SUBJECT: GERMAN HEALTH MINISTER SCHMIDT TRAVELING TO U.S.

REF: BERLIN 2884, BERLIN 2769, BERLIN 1893

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¶1. (SBU) SUMMARY. Minister of Health Ulla Schmidt travels to New York and Washington October 29 - November 4 to meet with pharmaceutical companies, consumer groups, and attend a Commonwealth Fund symposium on health care policy. The trip is billed by the Ministry of Health as another opportunity for Schmidt to discuss German efforts at containing health care costs and gathering information from the U.S. and other sources on differing approaches to management of health care costs. Schmidt is not scheduled to meet with USG officials directly, but her participation in the Commonwealth Fund's event will allow her to engage with Secretary of Health Leavitt. This trip is the third to the U.S. in ¶2006. END SUMMARY.

¶2. (SBU) Schmidt arrives in New York on Sunday, October 29. In New York she will focus on pharmaceutical pricing and innovation. Schmidt has three meetings planned. The first, with Eon Labs, a subsidiary of Novartis specializing in generics, will focus generic drugs. The second event is with the new CEO of Pfizer, which the Ministry of Health has billed as an introductory meeting. The third meeting in New York is with AARP to discuss Medicare part D. (NOTE. Originally Schmidt ws going to hold a round table discussion with th CEOs of major U.S. pharmaceutical companies, but according to MOH contacts, most of the CEOs wer unavailable. The AARP event was scheduled as areplacement. END NOTE.)

¶3. (SBU) November 1- 2, Schmidt will be in Washington to attend theCommonwealth Fund's Ninth International Symposium on Health Policy, "What Makes a High PerformanceHealth Care System and How Do We Get There?" The symposium will focus on the problems and challenges facing health care systems in the U.K., Canada, Australia, the Netherlands, New Zealand and Germany. Schmidt and team have no plans to meet with USG officials formally, but the Commonwealth symposium might be an opportunity for Secretary Leavitt and others to continue discussions

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on health care reform and U.S. cost containment measures with the German delegation.

¶4. (SBU) One subject for possible discussion with Schmidt and the German delegation in the context of health care reform and cost containment is the U.S. experience in the use of contracts and price bargaining between insurers and health care providers, e.g., pharmaceutical companies. Such a discussion could directly support the on-going dialogue over pharmaceutical pricing in Germany. Another topic is how to care for uninsured and bring them into the system. Germany currently has 300,000 uninsured, a number that has increased dramatically in the past few years.

¶5. (SBU) At the Commonwealth Fund's symposium, Schmidt will speak about the German health care reform effort (see reftels). The draft law was submitted to the Bundestag on October 27 and the Coalition hopes it will come into effect next April. Press coverage and the public debate to date have been acrimonious. Almost all of the coverage, however, focuses on two of the 14 different proposals for health care reform: the creation of the health fund and the status of private insurers. Experts report these issues have received so much coverage because they are likely to affect the average consumer by increasing insurance premiums and overall costs. The bill as currently drafted does not deal directly with pharmaceutical pricing issues which have been of concern to U.S. manufacturers.

TIMKEN, JR